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**HOUSE BILL 108**

**46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003**

**INTRODUCED BY**

W. Ken Martinez

**AN ACT**

**RELATING TO MOTOR VEHICLES; ENACTING A NEW SECTION OF THE  
MANDATORY FINANCIAL RESPONSIBILITY ACT TO MANDATE COVERAGE FOR  
PERMISSIVE DRIVERS WITH THE EXPRESS OR IMPLIED PERMISSION OF  
THE OWNER OR NAMED INSURED.**

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:**

**Section 1. A new section of the Mandatory Financial  
Responsibility Act is enacted to read:**

**"[NEW MATERIAL] MOTOR VEHICLE INSURANCE POLICY--  
PROCEDURES. --**

**A. A motor vehicle insurance policy shall:**

**(1) designate by explicit description or by  
appropriate reference all motor vehicles to which coverage is  
to be granted; and**

**(2) insure the person named in the policy and**

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1 a person using a motor vehicle with the express or implied  
2 permission of the named insured against loss from the liability  
3 imposed by law for damages arising out of the ownership,  
4 maintenance or use of the motor vehicle within a jurisdiction,  
5 subject to the following limits exclusive of interest and  
6 costs:

7 (a) twenty-five thousand dollars  
8 (\$25,000) because of bodily injury to or death of one person in  
9 an accident;

10 (b) fifty thousand dollars (\$50,000)  
11 because of bodily injury to or death of two or more persons in  
12 an accident; and

13 (c) ten thousand dollars (\$10,000)  
14 because of injury to or destruction of property of others in an  
15 accident.

16 B. A motor vehicle insurance policy shall insure a  
17 person named as insured against loss from the liability imposed  
18 upon the person by law for damages arising out of the use of a  
19 motor vehicle that the person does not own. The policy shall  
20 insure the person within the same territorial limits and the  
21 same liability limits set forth in Subsection A of this section  
22 with respect to a motor vehicle insurance policy, except for  
23 the following:

- 24 (1) an automobile business exclusion;  
25 (2) a furnished for regular use exclusion; and

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1 (3) a vehicle rented for business use  
2 exclusion if the exclusion is contained in the motor vehicle  
3 insurance policy and is enforceable.

4 C. The motor vehicle insurance policy shall state  
5 the name and address of the insured, the coverage afforded by  
6 the policy, the premium charged, the policy period and the  
7 limits of liability. The policy shall also contain an  
8 agreement or endorsement that states that the insurance is:

9 (1) provided in accordance with the coverage  
10 defined in the Mandatory Financial Responsibility Act regarding  
11 bodily injury and death or property damage or both; and

12 (2) subject to all the provisions of the act.

13 D. Every motor vehicle insurance policy shall be  
14 subject to the following provisions, which may be contained in  
15 the policy:

16 (1) the policy may not be canceled or annulled  
17 as to the liability of the insurance carrier with respect to  
18 the insurance required by the Mandatory Financial  
19 Responsibility Act by an agreement between the insurance  
20 carrier and the insured after the occurrence of the injury or  
21 damage;

22 (2) the satisfaction by the insured of a  
23 judgment for injury or damage shall not be a condition  
24 precedent to the right or duty of the insurance carrier to pay  
25 on account of injury or damage;

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(3) the insurance carrier has the right to settle a claim covered by the policy. If the settlement is made in good faith, the amount of the settlement is deductible from the limits of liability specified in Paragraph (2) of Subsection A of this section; and

(4) the policy, the written application and a rider or an endorsement that does not conflict with the provisions of the Mandatory Financial Responsibility Act constitute the entire contract between the parties.

E. A binder issued pending the issuance of a motor vehicle insurance policy is deemed to fulfill the requirements for the policy.

F. The motor vehicle insurance policy may be endorsed to eliminate a named driver. The endorsement must bear a signature of the named insured. A form for the named driver's exclusion must be substantially similar to the form provided in Section 66-5-222 NMSA 1978. The endorsement applies only to private passenger motor vehicles."